

LOCAL GOVERNMENT CODE

TITLE 8. ACQUISITION, SALE, OR LEASE OF PROPERTY

SUBTITLE C. ACQUISITION, SALE, OR LEASE PROVISIONS APPLYING TO MORE THAN  
ONE TYPE OF LOCAL GOVERNMENT

CHAPTER 272. SALE OR LEASE OF PROPERTY BY MUNICIPALITIES, COUNTIES, AND  
CERTAIN OTHER LOCAL GOVERNMENTS

Sec. 272.001. NOTICE OF SALE OR EXCHANGE OF LAND BY POLITICAL SUBDIVISION; EXCEPTIONS. (a) Except for the types of land and interests covered by Subsection (b), (g), (h), (i), (j), or (l), and except as provided by Section 253.008, before land owned by a political subdivision of the state may be sold or exchanged for other land, notice to the general public of the offer of the land for sale or exchange must be published in a newspaper of general circulation in either the county in which the land is located or, if there is no such newspaper, in an adjoining county. The notice must include a description of the land, including its location, and the procedure by which sealed bids to purchase the land or offers to exchange the land may be submitted. The notice must be published on two separate dates and the sale or exchange may not be made until after the 14th day after the date of the second publication.

(b) The notice and bidding requirements of Subsection (a) do not apply to the types of land and real property interests described by this subsection and owned by a political subdivision. The land and those interests described by this subsection may not be conveyed, sold, or exchanged for less than the fair market value of the land or interest unless the conveyance, sale, or exchange is with one or more abutting property owners who own the underlying fee simple. The fair market value is determined by an appraisal obtained by the political subdivision that owns the land or interest or, in the case of land or an interest owned by a home-rule municipality, the fair market value may be determined by the price obtained by the municipality at a public auction for which notice to the general public is published in the manner described by Subsection (a). The notice of the auction must include, instead of the content required by Subsection (a), a description of the land, including its location, the date, time, and location of the auction, and the procedures to be followed at the auction. The

appraisal or public auction price is conclusive of the fair market value of the land or interest, regardless of any contrary provision of a home-rule charter. This subsection applies to:

(1) narrow strips of land, or land that because of its shape, lack of access to public roads, or small area cannot be used independently under its current zoning or under applicable subdivision or other development control ordinances;

(2) streets or alleys, owned in fee or used by easement;

(3) land or a real property interest originally acquired for streets, rights-of-way, or easements that the political subdivision chooses to exchange for other land to be used for streets, rights-of-way, easements, or other public purposes, including transactions partly for cash;

(4) land that the political subdivision wants to have developed by contract with an independent foundation;

(5) a real property interest conveyed to a governmental entity that has the power of eminent domain;

(6) a municipality's land that is located in a reinvestment zone designated as provided by law and that the municipality desires to have developed under a project plan adopted by the municipality for the zone; or

(7) a property interest owned by a defense base development authority established under Chapter 378, Local Government Code, as added by Chapter 1221, Acts of the 76th Legislature, Regular Session, 1999.

(c) The land or interests described by Subsections (b)(1) and (2) may be sold to:

(1) abutting property owners in the same subdivision if the land has been subdivided; or

(2) abutting property owners in proportion to their abutting ownership, and the division between owners must be made in an equitable manner.

(d) This section does not require the governing body of a political subdivision to accept any bid or offer or to complete a sale or exchange.

(e) This section does not apply to land in the permanent school fund that is authorized by legislation to be exchanged for other land of at least equal value.

(f) The fair market value of land, an easement, or other real property interest in exchange for land, an easement, or other real property interest as authorized by Subsection (b)(3) is conclusively

determined by an appraisal obtained by the political subdivision. The cost of any streets, utilities, or other improvements constructed on the affected land or to be constructed by an entity other than the political subdivision on the affected land may be considered in determining that fair market value.

(g) A political subdivision may acquire or assemble land or real property interest, except by condemnation, and sell, exchange, or otherwise convey the land or interests to an entity for the development of low-income or moderate-income housing. The political subdivision shall determine the terms and conditions of the transactions so as to effectuate and maintain the public purpose. If conveyance of land under this subsection serves a public purpose, the land may be conveyed for less than its fair market value. In this subsection, "entity" means an individual, corporation, partnership, or other legal entity.

(h) A municipality having a population of 825,000 or less and owning land within 5,000 feet of where the shoreline of a lake would be if the lake were filled to its storage capacity may, without notice or the solicitation of bids, sell the land to the person leasing the land for the fair market value of the land as determined by a certified appraiser. While land described by this subsection is under lease, the municipality owning the land may not sell the land to any person other than the person leasing the land. To protect the public health, safety, or welfare and to ensure an adequate municipal water supply, property sold by the municipality under this subsection is not eligible for and the owner is not entitled to the exemption provided by Section [11.142\(a\)](#), Water Code. The instrument conveying property under this subsection must include a provision stating that the exemption does not apply to the conveyance. In this subsection, "lake" means an inland body of standing water, including a reservoir formed by impounding the water of a river or creek but not including an impoundment of salt water or brackish water, that has a storage capacity of more than 10,000 acre-feet.

(i) A political subdivision that acquires land or a real property interest with funds received for economic development purposes from the community development block grant nonentitlement program authorized by Title I of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5301 et seq.) may lease or convey the land or interest, without the solicitation of bids, to a private, for-profit entity or a nonprofit entity that is a party to a contract with the political subdivision if the land or interest will be used by the private, for-profit entity or

the nonprofit entity in carrying out the purpose of the entity's grant or contract. The land or interest may be leased or conveyed without the solicitation of bids if the political subdivision adopts a resolution stating the conditions and circumstances for the lease or conveyance and the public purpose that will be achieved by the lease or conveyance.

(j) A political subdivision may donate, exchange, convey, sell, or lease land, improvements, or any other interest in real property to an institution of higher education, as that term is defined by Section 61.003, Education Code, to promote a public purpose related to higher education. The political subdivision shall determine the terms and conditions of the transaction so as to effectuate and maintain the public purpose. A political subdivision may donate, exchange, convey, sell, or lease the real property interest for less than its fair market value and without complying with the notice and bidding requirements of Subsection (a).

(k) This section does not apply to sales or exchanges of land owned by a municipality operating a municipally owned electric or gas utility if the land is held or managed by the municipally owned utility, or by a division of the municipally owned electric or gas utility that constitutes the unbundled electric or gas operations of the utility, provided that the governing body of the municipally owned utility shall adopt a resolution stating the conditions and circumstances for the sale or exchange and the public purpose that will be achieved by the sale or exchange. For purposes of this subsection, "municipally owned utility" includes a river authority engaged in the generation, transmission, or distribution of electric energy to the public, and "unbundled" operations are those operations of the utility that have, in the discretion of the utility's governing body, been functionally separated.

(l) The notice and bidding requirements provided by Subsection (a) do not apply to a donation or sale made under this subsection. A political subdivision may donate or sell for less than fair market value a designated parcel of land or an interest in real property to another political subdivision if:

(1) the land or interest will be used by the political subdivision to which it is donated or sold in carrying out a purpose that benefits the public interest of the donating or selling political subdivision;

(2) the donation or sale of the land or interest is made under terms that effect and maintain the public purpose for which the donation or sale is made; and

(3) the title and right to possession of the land or interest revert to the donating or selling political subdivision if the acquiring political subdivision ceases to use the land or interest in carrying out the public purpose.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 1, Sec. 63(a), eff. Aug. 28, 1989; Acts 1989, 71st Leg., ch. 1243, Sec. 1, eff. Aug. 28, 1989; Acts 1991, 72nd Leg., ch. 282, Sec. 1, eff. June 6, 1991; Acts 1993, 73rd Leg., ch. 110, Sec. 1, eff. Aug. 30, 1993; Acts 1993, 73rd Leg., ch. 206, Sec. 2, eff. Aug. 30, 1993; Acts 1993, 73rd Leg., ch. 429, Sec. 1, eff. Aug. 30, 1993; Acts 1993, 73rd Leg., ch. 509, Sec. 1, eff. Aug. 30, 1993; Acts 1993, 73rd Leg., ch. 948, Sec. 1, eff. Aug. 30, 1993; Acts 1995, 74th Leg., ch. 76, Sec. 17.01(40), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 311, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 296, Sec. 1, eff. May 29, 1999; Acts 1999, 76th Leg., ch. 405, Sec. 43, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 451, Sec. 1, eff. June 18, 1999; Acts 1999, 76th Leg., ch. 968, Sec. 1, eff. June 18, 1999; Acts 2001, 77th Leg., ch. 1121, Sec. 1, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1030, Sec. 1, eff. June 15, 2001; Acts 2001, 77th Leg., ch. 1420, Sec. 12.109(a), eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1420, Sec. 12.109(b), eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 179, Sec. 1, eff. May 29, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 329 (H.B. [2690](#)), Sec. 1, eff. June 17, 2011.

Acts 2011, 82nd Leg., R.S., Ch. 726 (H.B. [844](#)), Sec. 1, eff. June 17, 2011.

Sec. 272.002. CONVEYANCES BY CERTAIN POLITICAL SUBDIVISIONS TO THE UNITED STATES FOR PURPOSES RELATED TO WATERWAYS. (a) This section applies to property, including land or an interest in land, that:

(1) is owned by:

(A) a county having a boundary coinciding with a part of the international boundary between the United States and Mexico;

(B) a county contiguous to a county described by Paragraph (A); or

(C) a municipal corporation, political subdivision, or district organized under the state constitution and statutes and located in a county described by Paragraph (A) or (B), including a municipality,

independent school district, common school district, water improvement district, water control and improvement district, navigation district, road district, levee district, or drainage district; and

(2) is desired by the United States to enable a department or establishment of the United States to carry out a federal law in aid of navigation, flood control, or improvement of water courses and to accomplish the purposes specified by Section 2204.101, Government Code, and is necessary for the construction, operation, and maintenance of works required for those purposes.

(b) On the request of the United States through its proper officers, an entity described by Subsection (a)(1) may convey with or without monetary consideration the title or an easement to the property to the United States or to another entity described by Subsection (a)(1) that has agreed by resolution of its governing body to acquire the property for conveyance to the United States.

(c) All rights conferred by law to the Port of Harlingen Authority to develop a navigation project and all improvements incidental, necessary, or convenient for that project are reserved for the authority. This section does not take away any right of the authority to dredge, widen, straighten, or otherwise improve the Arroyo-Colorado and all other lakes, bays, streams, or bodies of water within, or adjacent or appurtenant to, the boundaries of the authority as a navigation project or to construct turning basins, yacht basins, or port facilities.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(24), eff. Sept. 1, 1995.

Sec. 272.003. RENTAL OF OFFICE SPACE BY COUNTY OR MUNICIPALITY FOR UNEMPLOYMENT RELIEF ADMINISTRATION. (a) The commissioners court of a county or the governing body of a municipality may lease, rent, or provide office space to aid and cooperate with state and federal agencies engaged in the administration of relief to the unemployed or needy people of the state. The commissioners court or governing body may pay the regular monthly utility bills for the office space, including bills for electricity, gas, and water.

(b) If a majority of the commissioners court considers the office space essential to the proper administration of the state or federal agency, the court may pay for the space and the regular monthly utility bills out of the general fund of the county by warrants as in the

payment of other obligations of the county.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 272.004. TRANSFERS OF PROPERTY BY CERTAIN POLITICAL SUBDIVISIONS. (a) In this section, "political subdivision" has the same meaning as the term "issuer" under Section [1371.001](#), Government Code.

(b) A political subdivision may sell, lease as a lessee or lessor, or otherwise transfer property in the same manner as the subregional board of a regional transportation authority under Sections [452.108](#)(d) and (e), Transportation Code.

(c) A sale, lease, or other transfer of property under this section must be approved by a majority of the voters voting at an election held within the boundaries of the political subdivision if the agreement:

- (1) involves the levy by the political subdivision of a tax in an amount sufficient to make payments due under the agreement; and
- (2) is executed on or after September 1, 1999.

Added by Acts 1999, 76th Leg., ch. 1284, Sec. 1, eff. Aug. 30, 1999.  
Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.300, eff. Sept. 1, 2001.

Sec. 272.005. LEASE OF PROPERTY TO GOVERNMENTAL ENTITY. (a) To promote a public purpose of the political subdivision, a political subdivision may:

- (1) lease property owned by the political subdivision to another political subdivision or an agency of the state or federal government; or
- (2) make an agreement to provide office space in property owned by the political subdivision to the other political subdivision or agency.

(b) In acting under Subsection (a), the political subdivision:

- (1) shall determine the terms of the lease or agreement so as to promote and maintain the public purpose;
- (2) may provide for the lease of the property or provision of the office space at less than fair market value; and
- (3) is not required to comply with any competitive purchasing procedure or any notice and publication requirement imposed by this

chapter or other law.

Added by Acts 2007, 80th Leg., R.S., Ch. 245 (H.B. [2618](#)), Sec. 1, eff.  
May 25, 2007.